

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: City of Taylor District Court No. 23	County Wayne
Audit Date June 30, 2004	Opinion Date November 18, 2004	Date Accountant Report Submitted To State: December 29, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway, P.O. Box 307	City Southfield	State MI	ZIP 48037-0307
Accountant Signature 			

District Court Funds of District No. 23 City of Taylor, Michigan

**Basic Financial Statements
with Other Supplemental Information
June 30, 2004**

District Court Funds of District No. 23

City of Taylor, Michigan

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Independent Auditor's Report

Honorable William Sutherland
Honorable Geno Salomone
23rd Judicial District Court
Taylor, Michigan

We have audited the accompanying balance sheets of the District Court Funds of District No. 23 (an Agency Fund of the City of Taylor, Michigan) as of June 30, 2004. These financial statements are the responsibility of the District Court No. 23, City of Taylor, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District Court No. 23, City of Taylor, Michigan as of June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

November 18, 2004

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District Court Funds of District No. 23

City of Taylor, Michigan

Balance Sheets
June 30, 2004

	Bond Account	Jury and Witness Fee Account	Ordinance Account	Total
Assets - Cash and investments (Note 2)	<u>\$ 111,557</u>	<u>\$ 4,210</u>	<u>\$ 574,699</u>	<u>\$ 690,466</u>
Liabilities				
Due to District Control Unit	\$ -	\$ 4,210	\$ 371,145	\$ 375,355
Due to other governmental units	-	-	203,554	203,554
Refundable bonds	<u>111,557</u>	<u>-</u>	<u>-</u>	<u>111,557</u>
Total liabilities	<u>\$ 111,557</u>	<u>\$ 4,210</u>	<u>\$ 574,699</u>	<u>\$ 690,466</u>

District Court Funds of District No. 23

City of Taylor, Michigan

Notes to Financial Statements June 30, 2004

Note 1 - Significant Accounting Policies

The District Court of the City of Taylor, Michigan is reported within the Trust and Agency Funds of the City of Taylor, Michigan in the City's basic financial statements at June 30, 2004.

The Funds of the District Court are Agency Funds. The financial activities of the Funds are limited to collection of amounts that are subsequently returned or paid to third parties. Accordingly, the operations of the Funds are limited to cash transactions. In accordance with generally accepted accounting principles, there are no component units to be included in the financial statements.

Note 2 - Deposits and Investments

The District Court's deposits and investments are included on the balance sheets under cash and investments, as follows:

Deposits	\$ 66,366
Investments	624,000
Petty cash	<u>100</u>
Total	<u>\$ 690,466</u>

Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$21,181. The entire amount was covered by federal depository insurance. The District Court evaluates each financial institution with which it deposits District Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The District Court is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles.

District Court Funds of District No. 23

City of Taylor, Michigan

Notes to Financial Statements
June 30, 2004

Note 2 - Deposits and Investments (Continued)

The District Court's investments during the year consisted of bank investment pools. There was \$624,000 invested in such funds at June 30, 2004. Investments are normally categorized to give an indication of the level of risk assumed by the District Court; however, bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. District Court management believes that the investments in these funds comply with the investment authority noted above. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares.

Other Supplemental Information



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Honorable William Sutherland
Honorable Geno Salomone
23rd Judicial District Court
Taylor, Michigan

We have audited the financial statements of the District Court Funds of District No. 23, City of Taylor, Michigan for the year ended June 30, 2004. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the District Court Funds of District No. 23, City of Taylor, Michigan. This information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Plante & Moran, PLLC

November 18, 2004



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District Court Funds of District No. 23

City of Taylor, Michigan

Schedules of Cash Receipts and Disbursements Year Ended June 30, 2004

	Bond Account	Jury and Witness Fee Account	Ordinance Account	Total
Cash and Investments Balance -				
July 1, 2003	\$ 162,374	\$ 3,789	\$ 397,836	\$ 563,999
Receipts				
Fines and fees collected	-	-	5,981,188	5,981,188
Bond receipts	1,045,611	-	-	1,045,611
Reimbursements from City of Taylor -				
Jury and witness fees	-	3,811	-	3,811
Interest	<u>1,306</u>	<u>-</u>	<u>3,968</u>	<u>5,274</u>
Total receipts	1,046,917	3,811	5,985,156	7,035,884
Disbursements				
Transfers to:				
District Control Unit General Fund	-	-	3,913,022	3,913,022
State of Michigan	-	-	1,643,221	1,643,221
Wayne County	-	-	140,534	140,534
Judges' Retirement System	-	-	32,058	32,058
Bond refunds, restitution, and forfeitures	1,097,734	-	63,626	1,161,360
Bank service charges	-	-	15,832	15,832
Jury and witness fees	<u>-</u>	<u>3,390</u>	<u>-</u>	<u>3,390</u>
Total disbursements	<u>1,097,734</u>	<u>3,390</u>	<u>5,808,293</u>	<u>6,909,417</u>
Cash and Investments Balance -				
June 30, 2004	<u>\$ 111,557</u>	<u>\$ 4,210</u>	<u>\$ 574,699</u>	<u>\$ 690,466</u>

November 18, 2004

Mr. Robert Ciolek, Court Administrator
23rd Judicial District Court
23511 Goddard Road
Taylor, MI 48180-4917

Dear Mr. Ciolek:

We have recently completed our audit of the financial statement of the 23rd Judicial District Court for the year ended June 30, 2004. In addition to the financial report, we offer you the following comments and recommendations.

We understand that the Court has taken steps over the past several years to increase its internal controls related to segregation of duties. We would encourage the Court to continue to identify methods to incorporate more segregation into the monthly reconciliation processes, specifically pertaining to review of transmittals and bank reconciliations. While these suggestions don't completely segregate all of the duties at the court, in a small office setting, these additional controls represent practical procedures that further enhance the internal control system.

Matters regarding ticket controls and related procedures, between the police department and the court, have once again been included in the City of Taylor's management letter. It is our understanding that no changes have been made to the ticket control process from the prior year.

We would again like to express our appreciation for the excellent cooperation and assistance we received from you and your staff, particularly Vicky Bowman, during this engagement.

We would be pleased to discuss any of these items at your convenience.

Very truly yours,

PLANTE & MORAN, PLLC



Douglas G. Bohrer

cc: Honorable William Sutherland
Honorable Geno Salomone